

ASSIGNMENT OF LEASES
for Security Purposes

THIS AGREEMENT, made this 30th day of June, 1995 between Swan Bay Holdings, Inc. ("Assignor") whose address is P. O. Box 3757, Seattle, WA 98124, and National Bank of Alaska, a National Banking Association whose address is P.O. Box 100600, Anchorage Alaska 99510-0600 ("Assignee")

WITNESSETH:

WHEREAS the Assignor as owner of the premises situated at 7100 Second Avenue S. W., Seattle, WA 98106 and more particularly described as:

PARCEL A:

That portion of the abandoned bed of the Duwamish River in the northwest quarter of Section 29, Township 24 North, Range 4 East, W. M., in King County, Washington, lying southwesterly of the southwesterly margin of the Commercial Waterway District, Number 1 right-of-way and lying easterly of the right-of-way and said right-of-way extended south as conveyed by Commercial Waterway District Number 1 to the State of Washington Highway Department, dated July 3, 1953, and recorded under Recording Number 4362487, and north of a line described in decree entered in King County Superior Court Cause No. 732439, which line begins on the westerly margin of the right-of-way of Commercial Waterway District, Number 1 at a point which is north 42°24'31" west along said right-of-way 127.52 feet from its intersection with the north line of Block 1 of the Plat of Portland and Puget Sound Railway Addition, according to the Plat thereof recorded in Volume 5 of Plats, page 74, in King County, Washington; thence south 86°42'16" west along said line 433.36 feet; thence south 23°37'09" west along said line 46.48 feet to the south line of Seaport Addition, according to the plat thereof recorded in Volume 19 of Plats, page 60, in King County, Washington, extended; thence south 86°02'59" west along said southerly line 150 feet, more or less, to the end of said line;

EXCEPT any portion thereof, if any, which may lie within Lot 6, Block 5, of the Plat of said Seaport Addition.

PARCEL B:

Lots 7 and 8 in Block 1 of Portland and Puget Sound Railway Addition, according to the plat thereof recorded in Volume 5 of Plats, page 74, in King County, Washington.

and described in that certain Deed of Trust, hereinafter referred to as the mortgage, executed by Swan Bay Holdings, Inc. dated June 30, 1995, and recorded 7/3, 1995; in Book _____, at Page _____; in the Records of the King Recording District, _____ Judicial District, State of Washington in the amount of Nine Hundred Thousand and 00/100 Dollars (\$900,000.00) with interest, made by said Assignor to the Assignee, and secured by said mortgage.

AND WHEREAS the said premises or portions thereof, as by reference to the lease or leases hereinafter mentioned will appear, has been leased as follows:

L. DOUGLAS MANAGEMENT COMPANY recorded as per memorandum of lease dated 6-30, 1995, recorded 7/3, 1995 in Book _____ and at Page _____ in the King Recording District, _____ Judicial District, State of Washington.

NOW THEREFORE, in order to induce the Assignee to make said loan and as additional security for the payment of the principal and interest due on said note and for the performance and observance of all the terms of said note and mortgage, the aforesaid Assignor does hereby assign and transfer to the said Assignee said lease or leases together with all the right, title and interest of the Assignor, as landlord, in said lease or leases and any renewals thereof, if any, therein contained;

TO HAVE AND TO HOLD the same unto the Assignee as additional security for the payment of the principal and interest provide to be paid in said note and for the performance and observance of all the terms of said note and mortgage;

AND the Assignor hereby covenants and agrees as follows:

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THAT the terms of the aforesaid lease or leases will not be altered, modified or changed, nor will said lease or leases be surrendered or canceled, nor will any proceedings for the dispossession or eviction of any tenant under said lease or leases be instituted, without the prior written consent of the Assignee;

THAT no request will be made of any tenant to pay any rent, and no rent will be accepted, in advance of the dates upon which such rent becomes due and payable under the terms of said lease or leases, it being agreed between the landlord and the tenant or tenants that rent shall be paid as provided in said lease or leases, and not otherwise;

THIS Assignment is for security purposes only. All rents shall be paid to Assignor until notice by Assignee is given to Tenant.

THAT, unless and until there is a default in the performance or observance of any of the terms of said note or mortgage, which said default continues beyond the grace periods, if any, provided in said note and mortgage, the Assignor is entitled to collect and retain the rents under said lease or leases and shall have the right to enforce the collection thereof by any appropriate action or proceeding brought in the name of the Assignor;

THAT upon default under the terms of said note or mortgage or of this agreement or at any time after such default, the Assignee, its successors or assigns, at its or their option and without further consent thereto by the Assignor or any subsequent owner of said premises, may collect the rents and profits thereof, may enter in and upon said mortgaged premises, and take possession thereof and may do every act and thing that such Assignor or any subsequent owner of said premises might or could do; and that upon curing all such defaults, the Assignor, its successors or assigns, shall again be entitled to collect and retain the rents under said lease or leases;

THAT upon payment of said note in accordance with its terms and compliance with all of the terms of said mortgage, this assignment shall be rendered null and void and the said lease or leases shall be reassigned to the then owner in fee of said premises or to such person or persons as said owner may direct by written notice;

THAT the Assignee shall not be responsible for the control, care or management of said premises, or for carrying out any of the terms and conditions of said lease or leases, or for any waste committed or permitted on the premises by any tenant, and the Assignee shall not be liable by reason of any dangerous or defective condition of the premise resulting in loss or injury to any tenant or other person.

IN WITNESS WHEREOF, this agreement is duly executed the day and year first above written.

SWAN BAY HOLDINGS, INC.

X 
Secretary - Treasurer

X _____

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